

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0779-04
Bill No.: Perfected HCS for HB 338
Subject: Department of Corrections; Law Enforcement Officers and Agencies
Type: Original
Date: April 3, 2007

Bill Summary: This proposal authorizes minimum amounts of compensation for certain corrections personnel.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0	(\$5,267,840 to Unknown)	(\$9,633,759 to Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$5,267,840 to Unknown)	(\$9,633,759 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Governor** assume there should be no added cost to their office as a result of the proposal.

Officials from the **Office of Administration – Division of Personnel (COA)** the proposed legislation would require that the Director of Personnel recommend to the Personnel Advisory Board and implement a separate pay grid for the classes identified in the proposed legislation. The proposed legislation would statutorily require that the \$600 per annum pay increase be provided to these employees each year for ten years. These increases would be limited to the classes identified and would not be possible for other employees in the Department of Corrections and other agencies under the Uniform Classification and Pay System. This will require that a separate pay grid be established for the Department of Corrections classes covering approximately 8,141 employees identified in the proposed legislation.

In response to this proposal, COA made the following assumptions:

1. Every employee in the identified classes in the Department of Corrections would receive a \$600 increase, beginning July 1, 2008.
2. For each annual fiscal estimate, COA assumed the number of employees would not change, resulting in the same estimate for FY09 and FY10.
3. Fringe benefits are calculated at 22.69% (instead of 45.26% as in most fiscal notes where new employees are added). The estimated cost of health care per employee is where the fringe benefit rate is significantly different. Since the affected employees would already have health care coverage, the 22.69% rate is used. The benefits included in this rate is in the fiscal estimate spreadsheet.

In summary, the COA assumes a cost to the General Revenue fund of \$5,293,583 in FY 09 and FY 10.

Officials from the **Department of Corrections (DOC)** assume the legislation proposes an extra \$50 of pay to be given each month for designated correctional staff. Salary equity studies must be done on all correctional employees and the nature of these studies and resulting fiscal impact are currently unknown. The effective date of this proposal, should it be passed as law, is July 1, 2008, FY09, and DOC notes it is not subject to appropriation. This proposal sunsets in ten years.

ASSUMPTION (continued)

DOC assumes the proposal would affect 36 job classifications and 7,156 FTE.

In summary, the DOC assumes the proposal would result in increased cost to the General Revenue Fund of \$4,293,618 to Unknown in FY 09 and \$7,852,114 to Unknown in FY 10.

Oversight has used the cost estimates provided by the Department of Corrections and has added fringe benefits at a 22.69% rate.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Costs – Department of Corrections</u>			
Personal Service	\$0	(\$4,293,618 to Unknown)	(\$7,852,114 to Unknown)
Fringe Benefits	<u>\$0</u>	<u>(\$974,222 to Unknown)</u>	<u>(\$1,781,645 to Unknown)</u>
<u>Total Costs – DOC</u>	<u>\$0</u>	<u>(\$5,267,840 to Unknown)</u>	<u>(\$9,633,759 to Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$5,267,840 to Unknown)</u>	<u>(\$9,633,759 to Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

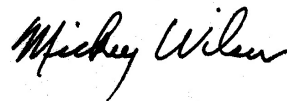
This proposal authorizes minimum amounts of compensation for certain corrections personnel, beginning July 1, 2008, and for a period of ten years. The proposal also requires salary equity studies be done on all correctional employees.

The legislation duplicates the Missouri Merit System and the Uniform Classification and Pay System (Chapter 36, RSMo) administered by the Office of Administration – Division of Personnel. The Department of Corrections is included in the Missouri Merit System and the Uniform Classification and Pay System. The Uniform Classification and Pay System includes the Department of Corrections classifications proposed for a longevity pay system in this proposal.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Corrections
Office of the Governor

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 3, 2007